

# **Fiscal Services Division**

## **Legislative Services Agency**

### **Fiscal Note**

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HF 843 - Unsewered Community Revolving Loan Program (LSB 2233 HV)  
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Fiscal Note Version - New

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#### **Description**

House File 843 creates an Unsewered Community Revolving Loan Program and Fund that will provide no-interest loans for up to 40 years to communities needing to update or install a sewage disposal system. This would include a system for a cluster of homes that is defined as at least six homes but not more than 500 homes. The Program would be administered by the Iowa Finance Authority with technical assistance provided by the Department of Natural Resources (DNR). The Unsewered Community Revolving Loan Fund is under the control of the Treasurer of State and is funded with moneys appropriated by the General Assembly, or any other moneys available to the Finance Authority.

#### **Background**

The DNR estimates there are 150 incorporated communities with a population of 1,000 people or less and 550 unincorporated communities or rural home development areas that have no sewage treatment facility. As a result, these communities often discharge untreated or partially treated waste directly into a ditch, tile line, stream, or lake. Other challenges facing these communities include the lack of public funding and the lack of a government entity or administrative employee to ensure sewage is properly discharged.

#### **Assumptions**

- The DNR estimates that the average project cost would include \$15,000 per home with an average of 50 homes per project for a total of \$750,000 per project.
- The DNR estimates that five projects could be completed each year for a total loan amount of \$3.8 million. It is also estimated that a project with 50 homes and a 40-year, zero-interest loan, will increase the homeowner's cost by \$31 per month.
- The DNR estimates an expenditure increase of \$175,000 and 2.00 FTE positions for employees to assist with the project implementation and \$25,000 for support expenditures for FY 2008. The DNR estimates a 5.0% salary increase for each year after.
- The Iowa Finance Authority estimates the fiscal impact to be minimal.
- The Treasurer of State estimates the fiscal impact to be minimal.

#### **Fiscal Impact**

The fiscal impact of HF 843 is an estimated increase of General Fund expenditures to the Department of Natural Resources of \$4.0 million and 2.00 FTE positions for FY 2008 and for each year after that, there would be an increase in salary expense.

## **Sources**

Department of Natural Resources  
Iowa Finance Authority  
Treasurer of State

/s/ Holly M. Lyons

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March 21, 2007

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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